So, Happy Birthday Xerox! The Xerox success story is a monument to what a brilliant and determined lone inventor can accomplish. It is a living testimony of how a small firm can innovate and outcompete giant firms, and of how a small firm, become a giant, can rethink and retool in order to keep up with a host of new competitors. But above all, the Xerox story is a tribute to what free competition and free enterprise can accomplish, in short, what people can do if they are allowed to think and work and invest and employ their energies in freedom. Human progress and human freedom go hand in hand.

Looking Beneath the Surface

Llewellyn H. Rockwell, Jr.

I learned two lessons from my years on Capitol Hill as Congressman Ron Paul's chief aide: 1) Every act of government deliberately benefits an interest group coalition at the expense of the rest of us; and 2) The government and the interests always lie about it.

During the gasoline crisis, for example, Congress passed the "windfall profits" tax on oil. The politicians and their lapdogs in the media trumpeted this as a deserved comeuppance to Big Oil.

Seen from the inside, it was just the opposite. The large, multi-national oil companies, in cahoots with Jimmy Carter's Department of Energy, designed the tax and actively lobbied Congress for it. Why? Because it was to their comparative advantage. More money for energy programs flowed to the Establishment companies through such corporate welfare as the synfuels program, and the tax harmed only small domes-

tic producers. The windfall profits tax is collected in Texas, not in Saudi Arabia.

So the imposition of this vicious tax served two interest groups: the government and the multinational oil companies, against U.S. oil producers and consumers.

Virtually every single act of government can be analyzed in this way. Since the Federal Reserve Act of 1913 cartelized the banking industry and allowed the banks to inflate together with the government, at the expense of the rest of us, we can assume—using interest-group analysis—that the industry promoted the bill. And in fact, Rockefeller and Morgan-connected commercial and investment banking interests wrote the act, lobbied for it, and staffed the resulting agency. Even today, Paul Volcker is a former vice president of Chase Manhattan Bank.

Teddy Kennedy is pushing for an increase in the minimum wage "to help the poor." In fact, the very existence of a minimum wage harms the poor, since it means that anyone whose production is worth less than that figure, plus Social Security and other business taxes, will remain unemployed. And in fact that is its purpose. It makes it harder for new, small businesses to start up, and—by outlawing low-wage competition—enables labor unions to continue to get higher-than-market wages through federal coercion. That is why labor unions love the minimum wage, and why their bought-and-paid-for Congressmen and Senators work to raise it.

The Reagan administration has spent more on foreign aid than all previous administrations from Eisenhower to Carter combined. But not to help the poor in foreign lands. Foreign aid is a massive subsidy to U.S. bankers with loans to foreign governments, and to U.S. exporters whose products are purchased with the funds. And—no surprise—it is big banks and exporters that push for foreign aid. As to the poor in foreign lands, they are made worse off as corrupt, dictatorial governments are cemented in power; the American taxpayer is impoverished by unconstitutional spending.

When looking or listening to the government, assume the reverse of what it claims, and look to see who is getting the cash. Only this way of looking beneath the surface, which Mises called "caste-conflict" analysis, helps explain government actions so clearly, or—when exposed—helps rally the people against further injustices.

The Fraud of GNP

Llewellyn H. Rockwell, Jr.

The Gross National Product grew at an annual rate of 4.4% for the first quarter of 1987," the Commerce Department recently said. But corporate profits and people's earning dropped. We're all supposed to be better off when the GNP grows. Why aren't we? The reason, as shown by Professor Murray N. Rothbard, is that the GNP is a phony statistic.

The GNP records the dollar amount of goods and services produced in the economy during a period. But it equates government spending with private spending. And it ignores the wealth and potential growth destroyed by taxation.

Imagine that the economy consisted of two small, productive towns. The government decides to destroy one of them—a hotbed of tax resistance—by aerial bombardment, and to tax the other to pay for the clean-up. After a year, the destroyed town is restored. Calculating the net effect of this process, the Commerce Department would say that the GNP of the two-town economy grew by 50%.

GNP records the money spent on goods and services, not the wealth destroyed by bombs, taxation, regulation, or other government activities. So GNP would act as if a third town had been added to the economy, when in fact one had been deducted.